



FINAL – January 21, 2021

Martha's Vineyard Commission

Budget FY2022

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1. Introduction

Looking Back at FY2020

Revenues earned by the MVC was significantly higher with an increase of \$349,658 (20.9%) from FY2019 to FY2020. FY2020 revenues were \$2,026,238 compared to \$1,676,580 for FY2019.

- Medical and dental expenses stayed steady, decreased by \$7,601 (4.4%) to \$166,635 in FY2020 from \$174,236 in FY2019.
- Legal fees for general matters remained low in FY2020 (\$3,738), but legal costs associated with the Aquinnah Gaming litigation were 38,491 during FY2020 compared to \$78,091 in FY2019.
- The MVC purchased a workforce housing unit in mid-2018. Much of the purchase was paid from equity in the Stone Building/MVC office and other property owned by the MVC. The monthly mortgage will be paid jointly from the housing unit occupant as well as regular operating funds as to the MVC's regular mortgage payment.
- The Commissions FY audit for 2020 is expected to be completed in February 2021.
- The MVC received competitive grants in FY 2019 totaling over \$606,355. These grants regarded:
 - development of a water quality modeling system so properties can be evaluated for their impacts on pond water quality.
 - development of a data base and mapping for historic properties. This project is being done in conjunction with the MV Museum and the State.
 - Development of climate change adaption plan. The first phase involved development of background data base and outreach with the Towns.
- FY2020 actual data reveals a surplus of \$42,455, it results from the fact that the MVC was able to generate better than average income from the grants received and noted above.

Budget Highlights 2022

- The FY2022 budget presented proposes an increase of \$31,936 (1.80%), from \$1,783,217 to \$1,815,153. Please see notes to the FY2022 budget on pages 10 and 11.
- For FY2022 the Town Assessments will increase, approximately 2.40%, from \$1,229,417 (FY2021) to \$1,258,953, an increase of \$29,536.
- The MVC's assessments are collected for the Commission by the Towns, and are based on the valuation of each property irrespective of which town that property is located in.
- Medical insurance projected premiums are estimated to increase 2.5%, with the addition of an employee to the medical and dental plan. Increases in some retirement categories are also projected to increase. Pension payments are projected to increase by 2.7%, with the annual contribution increasing to \$148,865 (FY2021) from \$145,000 (FY2020) or \$3,865. Current post-retirement benefit payments are increasing substantially in FY21 to \$71,600 from \$47,600 (FY20). Currently, the MVC has five (5) retirees (same as FY19), with two (2) retirees having spouses, but in FY20 the MVC added one more retiree with a dependent child.
- The Commission projects revenue outside of the Towns increasing through annual grants and other revenue sources such as the completion of the adaptation plan, additional traffic counters, and climate change projects.

- Staff salaries will increase to \$990,124 in FY2022 from \$905,000 in FY2021 and increase of \$85,124 (9.4%) with the addition of a Climate Planner. Current staff members, will receive an increase of 3.80%, representing merit increases of two percent (2.0%) (based on performance) and the average Cost of Living Adjustment (“COLA”) from all the Towns at 1.23%. The MVC now has twelve (12) full-time employees.
- FY 2021 revenues are 10% greater than FY 2020 observed at this point.

The Commission’s salaries are adjusted using a formula based on the average of the towns and County increases for the previous fiscal year, namely 1.23% average (FY20 average = 1.80%) COLA and 2.00% average merit increase. The equivalent to the Town’s average step increases would be for a 2.4% merit increase. The budget includes an on-going effort to pre-fund Other Post-Employment Benefits (“OPEB”) of \$55,500, based on the Commission’s policy of increasing this payment by \$5,000 per fiscal year. It also includes a policy to use any annual surplus, after the General Reserve Fund is fully funded, to go to OPEB payments.

Please see Section 5 - General Comments and Section 8 – Specific Comments for further explanation.

2. Legal and Administrative Context

The Martha's Vineyard Commission is an independent Regional Planning Agency ("RPA") created by the Massachusetts legislature and operating under the Martha's Vineyard Commission Act, namely Chapter 831 of the Acts of 1977, as amended. The Commission has both legislative and quasi-judicial functions.

The Commission is the only RPA in Massachusetts where most of its Commissioners are elected. Of the seventeen (17) Commissioners entitled to vote on regulatory matters, nine (9) are elected, one (1) is appointed by the Governor, one (1) is appointed by the County Commission, and one (1) is appointed by each of the six (6) Martha's Vineyard Boards of Selectmen. In addition, the Governor may appoint up to four (4) additional Commissioners who are not entitled to vote on regulatory matters but may vote on other matters such as the budget.

Section 4, Assessments, Accounting of the Martha's Vineyard Commission Act outlines the Commission's funding mechanism and procedure. The formula for apportioning town assessments, set out by the Legislature in the Martha's Vineyard Commission Act, calls for the assessments to be divided based on each town's equalized valuation.

The commission shall annually in the month of January estimate the amount of money required to pay its total expenses for the following fiscal year, deduct estimated contributions from sources, and pro rate the net expenses to each town on the basis of its latest equalized valuation for property tax purposes as established pursuant to section nine of chapter fifty-eight of the General Laws. The commission shall certify the amount so determined to the town clerk and assessors of each town within the commission's jurisdiction who shall include the sum in the tax levy of the year.

Upon order of the commission, each town treasurer shall, subject to the provisions of sections fifty-two and fifty-six of chapter forty-one of the General Laws, pay to the commission clerk-treasurer the town's share of the commission's net expenses. The amount so determined and levied shall not exceed .036 per cent of the latest equalized valuation for each town. A penalty of eight per cent per annum shall be paid by towns delinquent in paying their assessed appropriations to the commission if not paid within sixty days of the notice of payment due.

The preparation of the budget is overseen by the Martha's Vineyard Commission Finance Committee. This committee is chaired by the Commission's Clerk-Treasurer and is made up of one member from each town and the County, (including many Commissioners appointed by Boards of Selectmen).

3. The MVC Budgetary Process

The Commission budgetary process is like that of the towns.

- In October, Commission staff prepares a preliminary draft budget.
- In November, Town Finance Committees are invited to attend a special meeting to explain the Preliminary draft budget and invite questions, input, and comments. The preliminary draft budget is reviewed by the Commission's Finance Committee and a Draft Budget is adopted. The draft budget is forwarded to the Commission and the Town Finance Committees with the preliminary amount of each town's assessment for their inclusion in that town's budgeting process.
- In December and January, as requested, Commission representatives meet town finance committees to discuss the budget.
- In January, the MVC Finance Committee may meet again to discuss possible changes to the draft budget.
- At the Regular Meeting of the Commission in January, normally held on the third week of January, this year on January 21, 2021 the final FY2022 budget is adopted. The adopted budget is then sent to each town.

4. MVC Reserve Funds

The following is an explanation of two reserve funds maintained by the Commission.

- General Reserve Fund: The Commission maintains this fund to cover urgent, unforeseen expenses during the year. This is similar to the towns' Stabilization Funds and the high school's Excess and Deficiency fund. It is set at approximately the equivalent of two months' operating expenses, namely \$184,000. The general reserve fund balance was \$140,707 as of December 31, 2020. This fund can also be used to deal with short-term cash flow. In FY2019 the MVC obtained a line-of-credit from Rockland Trust. The line-of-credit is fully available as of January 21, 2021.
- Building Reserve Fund (Capital Improvements): This separate fund is for building renovations and improvements. The building fund balance at fiscal year-end 2020 was \$521 and on December 31, 2020 the balance was \$10,522. The FY2021 budget reflects a budgeted amount of \$15,000 that will be reserved for unforeseen future repairs. Both reserve funds are maintained in separate accounts at Rockland Trust, where they accrue interest at prevailing interest rates.

The following is the policy for the use of the General Reserve Fund.

- In preparing its annual budget, the MVC calculates the balance of the General Reserve Fund at the end of each fiscal year. If this balance – less any outstanding accounts payable and any amount being used for short-term cash flow at the end of any given fiscal year – is less than or exceeds the \$160,000 limit by more than 15% (\$136,000 to \$184,000), then the budget shall provide for re-establishing the normal amount. This involves either adding the shortfall back to the previous fiscal year balance or subtracting the excess from the subsequent year's budget back to the General Reserve Fund.
- The General Reserve Fund may be used for a short-term (30-90 days) working capital infusion not to exceed \$50,000 to bridge receipt of town assessments or grant disbursements. The Administrator and Executive Director must authorize such use, and the funds so used are to be replaced once the assessment or grants are received. Utilization of the General Reserve Funds

for extraordinary, non-budgeted purposes must be approved by the Executive Director and majority vote of the Finance Committee.

5. General Notes on the FY2018 Budget

- **Assessments:** For FY2021, the Commission budgeted an increase in ongoing annual costs (including the \$80,000 legal costs budgeted for the Aquinnah legal costs), resulting in an annual increase of \$138,465 (12.7%) to \$1,229,417 from FY2020 town assessments of \$1,090,952. The total equalized valuation of all properties per the MA Department of Revenue as of January 1, 2018, used in Dukes County was \$21,740,238,700 for the FY2021 assessments. The taxes paid to support the MVC are currently \$0.0565503 per \$1,000 in assessment, which comes out to about \$28.28 (up from \$25.09 in FY20) for a typical year-round house assessed at \$500,000. This is only 15.71% of the maximum assessment authorized in the Martha's Vineyard Commission Act.
- **Salaries:** The Commission has twelve staff members namely an Executive Director, an Administrator/Fiscal Officer, an Executive Assistant, and nine planners: (1) the Senior Planner, (2) the Coastal Planner/DCPC Coordinator, (3) the DRI Coordinator, (4) the Economic Development and Affordable Housing Coordinator, (5) the General Planner, (6) the GIS Coordinator, (7) the Historian Preservation Coordinator (8) the Transportation Planner, and (9) the Water Resources Planner.

Salaries are determined per the Commission's Salary Policy. This includes an inflation component or commonly known as a Cost-of-Living Adjustment ("COLA") and a merit increase (based on job performance and experience; equivalent to the purpose and cost of the grade-and-step system generally used by towns on Martha's Vineyard).

The MVC's overall budget for salary adjustments for the coming fiscal year are equal to the town averages for the previous year for both the inflation and step components. A survey of town inflation (COLA) increases for the previous year is updated on an annual basis, and a survey of step increases is updated every five years or could be updated sooner if any towns change their step-and-grade tables. The COLA increase is awarded to all employees. The step increase is awarded within a range based on individual performance evaluations so that the total does not exceed the budgeted amount.

The FY2021 Budget includes a 1.80% COLA and a two percent (2%) merit adjustment.

- **Other Post-Employment Benefits ("OPEB"):** Based on requirements of the Governmental Accounting Standards Board ("GASB") Statement 45, all public agencies must show as a liability in their financial statements the amount that would have to be put into trust to ensure that funds are available to pay the employer's share of health care and other benefits, other than pension, of retired employees. There is no legal requirement to pre-fund this liability; however, it is desirable to do so.

The Commission's annual OPEB cost is calculated based on the *annual required contribution ("ARC") of the employer*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years.

There are two components to OPEB: (1) funding the MVC's share of retirees' healthcare for the current fiscal year; and (2) the long-term liability to set aside funds to pay post-employment benefits of future retirees.

It would be desirable to increase the OPEB contributions as much as possible to limit future liability for the Commission and the towns. Some Vineyard towns are attempting to at least stay current with their contributions, recognizing that there is an historic shortfall that also must be addressed. In the case of the MVC, the ARC to remain current for FY2020 and not fall further behind would have been \$97,779. To gradually increase the Commission's contributions, the Commission made an OPEB contribution of \$45,500 in FY2020 and agreed to increase this contribution by \$5,000 per year until it reaches the recommended contribution. To speed up reaching this level, the following protocol will be used for dealing with any future budget surpluses.

- 1) Any surplus at the end of the year would go first to replenish the General Reserve Fund if it is less than the targeted amount, presently \$184,000 (i.e., \$160,000 plus 15%).
- 2) Next, any additional surplus would be used to increase our OPEB contribution up to the amount needed to not fall further behind for that year, i.e., increase the \$45,500 contribution up to \$97,779.
- 3) Next, any remaining surplus would be used to reduce the town assessments in the following year.

Medical Insurance: The Commission's healthcare plan is a single employer defined benefit plan administered by the Commission. The Commission provides medical and dental benefits to current employees, eligible retirees, and their spouses. Chapter 32B of the Massachusetts General Laws ("MGL") assigns the authority to establish and amend benefit provisions. The contribution requirement has been based on a pay-as-you-go financing method. In addition, the Commission may pre-fund an additional amount as determined annually by the Commission and through the end of FY 2020 the MVC will have funded \$241,000 of future liability.

6. MVC FY2022 FINAL BUDGET					
18-Dec-20			Change		Notes
	FY 2021	FY2022			
	Budget	Proposed	\$	%	
INCOME					
Grants/Contracts/Gifts	\$ 435,000	\$ 435,000	\$ -	0.0%	A
Housing Reimbursement	\$ 28,800	\$ 31,200	\$ 2,400	8.3%	B
Interest and Other Income	\$ 90,000	\$ 90,000	\$ -	0.0%	
Town Share	\$ 1,229,417	\$ 1,258,953	\$ 29,536	2.4%	C
TOTAL INCOME	\$ 1,783,217	\$ 1,815,153	\$ 31,936	1.8%	
EXPENSES					
Payroll					
Salaries	\$ 905,000	\$ 990,124	\$ 85,124	9.4%	D
Salaries: Part-Time and Interns		\$ -	\$ -		
Pension Plan (DCRS)	\$ 148,865	\$ 138,633	\$ (10,232)	-6.9%	E
Health, Dental & Disability Insurance	\$ 217,300	\$ 224,698	\$ 7,398	3.4%	F
Other Post-Employment Benefits (OPEB) - Current	\$ 71,600	\$ 55,288	\$ (16,312)	-22.8%	G
Other Post-Employment Benefits (OPEB) - Future	\$ 50,500	\$ 55,500	\$ 5,000	9.9%	H
Medicare/Social Security, Unemployment & Other Payroll Costs	\$ 18,000	\$ 19,110	\$ 1,110	6.2%	
Worker's Comp	\$ 4,300	\$ 4,500	\$ 200	4.7%	
Sub-Total Payroll	\$ 1,415,565	\$ 1,487,853	\$ 72,288	5.1%	
Administration & Operating					
Advertising/Communications	\$ 2,000	\$ 2,000	\$ -	0.0%	
Audit Fees	\$ 17,500	\$ 16,000	\$ (1,500)	-8.6%	
Capital Improvements>\$5,000	\$ 15,000	\$ 15,000	\$ -	0.0%	
Contractual/Consultants	\$ 15,000	\$ 10,000	\$ (5,000)	-33.3%	
Dues/Professional	\$ 10,000	\$ 10,000	\$ -	0.0%	
Dues/Subscriptions/Licenses					
Equipment <\$5,000	\$ 8,000	\$ 12,000	\$ 4,000	50.0%	I
Insurance	\$ 20,000	\$ 20,000	\$ -	0.0%	
Legal Fees	\$ 120,000	\$ 100,000	\$ (20,000)	-16.7%	J
Maintenance	\$ 20,000	\$ 20,000	\$ -	0.0%	
Mortgage P+I-Office	\$ 51,200	\$ 38,844	\$ (12,356)	-24.1%	K
Mortgage P+I-Residence	\$ 43,352	\$ 31,656	\$ (11,696)	-27.0%	K
Postage	\$ 3,000	\$ 3,000	\$ -	0.0%	
Printing	\$ 1,000	\$ 1,000	\$ -	0.0%	
Registry Fees	\$ 1,000	\$ 1,000	\$ -	0.0%	
Rent	\$ -	\$ -	\$ -		
Supplies-General	\$ 13,200	\$ 8,500	\$ (4,700)	-35.6%	L
Supplies-Software & Toner	\$ -	\$ 12,000	\$ 12,000	>100%	L
Travel/Conference	\$ 10,000	\$ 5,000	\$ (5,000)	-50.0%	M
Utilities: Electric	\$ 6,000	\$ 6,000	\$ -	0.0%	
Utilities: Oil	\$ 2,100	\$ 2,100	\$ -	0.0%	
Utilities: Telephone and internet	\$ 8,700	\$ 12,700	\$ 4,000	46.0%	N
Utilities: Water	\$ 600	\$ 500	\$ (100)	-16.7%	
Sub-Total: Administration and Operating	\$ 367,652	\$ 327,300	\$ (40,352)	-11.0%	
Sub-Total: Expenses	\$ 1,783,217	\$ 1,815,153	\$ 31,936	1.8%	
TOTAL EXPENSES	\$ 1,783,217	\$ 1,815,153	\$ 31,936	1.8%	
SURPLUS (DEFICIT)					
		\$ -	\$ -		

FINAL Budget - FY 2022

7. MVC FY2020 BUDGET - ASSESSMENTS

Assessments to Towns - July 1, 2021 - June 30, 2022									
	Aquinnah	Chilmark	Edgartown	Gosnold	Oak Bluffs	Tisbury	West Tisbury	TOTAL	Notes
Equalized Valuation	\$ 810,687,000	\$ 3,657,005,200	\$ 10,127,877,000	\$ 229,578,500	\$ 3,630,614,100	\$ 3,224,394,300	\$ 3,002,267,300	\$ 24,682,423,400	O
Share of Planning	3.28%	14.82%	41.03%	0.93%	14.71%	13.06%	12.16%	100.00%	P
Share of Regulatory	3.32%	14.96%	41.42%	0.00%	14.85%	13.19%	12.28%	100.00%	
Assessment - Planning	\$ 26,877	\$ 121,244	\$ 335,779	\$ 7,611	\$ 120,369	\$ 106,901	\$ 99,537	\$ 818,319	Q
Assessment - Regulatory	\$ 14,608	\$ 65,898	\$ 182,502	\$ -	\$ 65,423	\$ 58,103	\$ 54,100	\$ 440,634	R
Total Assessment FY2022	\$ 41,486	\$ 187,142	\$ 518,281	\$ 7,611	\$ 185,792	\$ 165,004	\$ 153,637	\$ 1,258,953	
Previous Assessment FY2021	\$ 45,026	\$ 190,659	\$ 490,172	\$ 8,534	\$ 181,105	\$ 163,719	\$ 150,202	\$ 1,229,417	

Source: Massachusetts Department of Revenue Division of Local Services for use in FY2021 and FY2022

FY2020 Increase (Decrease)	\$ (3,540)	\$ (3,517)	\$ 28,109	\$ (923)	\$ 4,687	\$ 1,285	\$ 3,435	\$ 29,536	
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Current and Historical Assessments

Fiscal Year	Aquinnah	Chilmark	Edgartown	Gosnold	Oak Bluffs	Tisbury	West Tisbury	TOTAL
2022	\$ 41,486	\$ 187,142	\$ 518,281	\$ 7,611	\$ 185,792	\$ 165,004	\$ 153,637	\$ 1,258,953
2021	\$ 45,026	\$ 190,659	\$ 490,172	\$ 8,534	\$ 181,105	\$ 163,719	\$ 150,202	\$ 1,229,417
2020	\$ 39,955	\$ 169,186	\$ 434,966	\$ 7,573	\$ 160,707	\$ 145,280	\$ 133,285	\$ 1,090,952
2019	\$ 38,438	\$ 176,462	\$ 411,278	\$ 8,005	\$ 150,239	\$ 143,995	\$ 132,622	\$ 1,061,039
2018	\$ 37,509	\$ 172,597	\$ 401,336	\$ 7,811	\$ 146,607	\$ 141,039	\$ 129,417	\$ 1,036,316
2017	\$ 42,207	\$ 173,809	\$ 373,251	\$ 8,048	\$ 141,869	\$ 141,040	\$ 132,717	\$ 1,012,941
2016	\$ 42,207	\$ 173,808	\$ 373,250	\$ 8,053	\$ 141,868	\$ 141,039	\$ 132,716	\$ 1,012,941
2015	\$ 45,339	\$ 196,053	\$ 426,346	\$ 11,556	\$ 165,996	\$ 164,972	\$ 153,478	\$ 1,163,741
2014	\$ 35,767	\$ 154,661	\$ 336,333	\$ 8,421	\$ 130,950	\$ 130,143	\$ 121,075	\$ 917,350

8. Specific Notes on Budget

- A. This budget is based on town assessment, funding from DRI fees and other charges and on reliable grants. Like previous years revenue projections were based on a recently renewed contract that the MVC has with MassDOT and a grant from the District Local Technical Assistance (“DLTA”) Fund allocation. The MVC seeks additional grant funding on an ongoing basis. These grants are competitive and cannot be estimated for budget purposes. Additional grant revenue is generally accompanied by expense in completing the scope of work such as additional costs in terms of hiring consultants, interns, and increased expenses.
- B. Housing reimbursement and purchase of residence – staff rental of housing is pegged by MVC policy at 30% of annual salary per HUD guidelines for affordability.
- C. Town Share assessments to the towns have increased 2.4% to \$1,258,829 from \$1,229,417 (\$29,536 and 2.4%, respectively).
- D. Salaries will increase in FY2022 from \$905,000 to 990,000 (9.4%). The FY2022 salaries reflect a COLA increase of 1.80% for each employee, and a step increase averaging approximately 2.0%, the same as FY2021, and the addition of a Climate Planner. The MVC will now have twelve full-time employees.
- E. The Pension Plan decreased \$10,232 (6.9%) to \$138,633 from a FY2020 budgeted amount of \$148,865. The cause for the decrease is the most recent actuarial report received from the Dukes County Retirement System.
- F. The costs to medical and dental coverage continues to grow but at a steady pace. The MVC, like the other Island Towns and the County are part of the Cape Cod Medical Health Group. For FY2022, the MVC will not have a premium increase to its medical and dental coverage, but the addition of one new full-time employee will increase our budgeted amount. The budget for FY2022 increases to \$224,698 from \$217,000, an increase of \$7,398 or 3.4%.
- G. Other Post-Employment Benefits (“OPEB”)-Current, is the cost to the Commission for payment of a portion of retirees’ medical and dental insurance coverage. The MVC will have six (6) retirees including one surviving spouse that are covered under this expense. With two of the retirees reaching the age of 65, they have converted to Medicare plans where the premiums are lower, and results in a lower budgeted amount.
- H. As in Fiscal Years 2012 to 2021, the MVC will continue to pre-fund payments for future retirees and will be deposited in the Dukes County Pooled OPEB Trust Fund. The Commission is increasing the annual contribution by \$5,000 per fiscal year, and the FY2022 budget includes a \$55,500 contribution to the OPEB Trust Fund.
- I. Equipment purchases less than \$5,000, which include purchases of computers, printers, keyboard, chairs, etc. will increase over FY21 as the MVC looks to update/transform its technical infrastructure and improve safety measures caused by the COVID-19 pandemic and on-line threats.
- J. Budgeted legal fees for FY2022 will be \$100,000, compared to \$120,000 for FY21. For FY2022 the MVC projects it legal fees as \$100,000 to cover the costs of the Chappaquiddick Wireless, Meeting House Way and Yellow House litigation.

- K. The MVC successfully negotiated a loan rate modification with Rockland Trust for the two MVC owned properties. The new loan rate is 3.5% amortized over twenty-five years. The annual savings is estimated to be \$24,000 per fiscal year.
- L. For FY2022 the MVC split the office supplies line item into two-line items. One for general office supplies and one for software and toner.
- M. Travel & conference expenses are estimated to decrease as these expenses are directly affected by the COVID-19 pandemic and many meetings can be completed vis remote access.
- N. In reviewing its past costs (3-year average) for telephone expenses, the MVC raised the budgeted amount to \$12,700 from \$8,700 (\$4,000/46%) to reflect its annual telephone expenses more accurately.
- O. This apportionment of assessments is based on the equalized valuations report dated January 1, 2021 from the Massachusetts Department of Revenue.
- P. Planning accounts for 65% of the Commission's budget. Regulatory accounts for 35%. This allocation is based on a past analysis of the proportion of staff hours and other expenses related to the two parts of the Commission's mandate.
- Q. All seven towns in Dukes County share the cost of Planning per their relative equalized valuation.
- R. The six towns on the Island of Martha's Vineyard share the cost of the Regulatory and Planning expenses.